

CHAPTER – III
PERFORMANCE REVIEW

HORTICULTURE DEPARTMENT

3.1 Horticulture Development Schemes

Highlights

The review brings out the failure of the State Government in utilising available funds, deficiencies in planning for implementation of horticulture development programmes, inadequate provision on development schemes and absence of effective monitoring and evaluation system in the State.

There were persistent savings during the period 1999-2000 to 2003-04 under revenue and capital excepting excess in 2001-02 under capital indicating poor budgeting.

(Paragraph 3.1.4)

Shortfall in achievement under State plan schemes ranged between 2.08 per cent and 94.71 per cent during the period from 1999-2000 to 2002-03.

(Paragraph 3.1.6)

Materials worth Rs.2.34 crore had been issued to the beneficiaries without ascertaining the actual utilisation of beneficiaries' own contribution.

(Paragraph 3.1.8 & 3.1.10)

Excess issue of barbed wire fencing led to extra expenditure of Rs.17.48 lakh.

(Paragraph 3.1.10)

Entertainment of excess manpower in addition to the sanctioned strength led to extra expenditure of Rs.73.67 lakh.

(Paragraph 3.1.12)

There was loss of Rs.4.82 crore due to low yield of apple fruit.

(Paragraph 3.1.13)

No monitoring and evaluation system existed in the department to oversee the performance of the district level officers as well as the activities of the beneficiaries in the State.

(Paragraph 3.1.17)

3.1.1 Introduction

Arunachal Pradesh has vast potential for the development of horticulture. The climate and the terrain provides immense scope for growing a wide variety of tropical, sub-tropical and temperate fruits, vegetables, spices and other cash crops such as medicinal and aromatic plants, ornamental flowers *etc.* As horticulture plays an important role in the economic development of the state, the Department of Horticulture had taken up various schemes to control shifting cultivation and also to increase income of the rural population and provide employment opportunities.

The main thrust in development of horticulture in the State were on:

- commercialisation of horticulture by way of diversification of horticulture activities;
- giving emphasis on income generation crops;
- strengthening of nurseries programme to meet local demand of planting material;
- increase of productivity and improve quality of produce;
- strengthening of infrastructure to render service to growers;
- expansion of area under fruit cultivation and utilise abandoned land.

3.1.2 Organisational set-up

The Secretary, Horticulture, Government of Arunachal Pradesh, is the administrative head of the Department. The Director of Horticulture is the head of the department and is assisted by three Joint Directors and five Deputy Directors. At district level all horticultural activities including implementation of schemes are carried out by 15 District Horticulture Officers (DHOs)[#] and two Horticulturists^ψ under the supervision of two Joint Directors (Zonal level).

3.1.3 Audit coverage

The implementation of different horticultural development schemes during 1999-2000 to 2003-04 was reviewed during May – June 2004 through test check of records of the Director of Horticulture, seven DHOs (Bomdila, Yupia, Ziro, Along, Pasighat, Roing & Tezu) out of 15 and one Horticulturist (Bomdila) out of two covering 64 *per cent* (Rs.8.04 crore) of the total expenditure incurred during the period under review.

3.1.4 Budget provision and expenditure

The budget provision and expenditure for the years 1999-2000 to 2003-04 with resultant excess/savings are given below:

[#] Tawang, Bomdila, Yupia, Ziro, Kurungkumey, Daporijo, Along, Changlang, Yingkiong, Pasighat, Anini, Roing, Tezu, Khonsa, & Seppa.

^ψ Bomdila and Dirang.

Table 3.1

(Rupees in crore)

Year	Budget provision		Actual expenditure		Excess (+)/Savings (-)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1999-2000	11.88	1.53	10.56	0.29	(-) 1.32	(-) 1.24
2000-01	12.24	0.58	11.08	0.48	(-) 1.16	(-) 0.10
2001-02	9.23	1.23	8.27	1.81	(-) 0.96	(+) 0.58
2002-03	9.36	1.00	7.82	0.84	(-) 1.54	(-) 0.16
2003-04	14.53	1.00	8.14	0.93	(-) 6.39	(-) 0.07
Total	57.24	5.34	45.87	4.35	(-) 11.37	(-) 0.99

(Source: Appropriation Accounts.)

Persistent savings during the period 1999-2000 to 2003-04 under revenue and capital excepting excess in 2001-02 under capital were indicative of poor budgetary control. Reason for such persistent savings was, however, not on record.

3.1.5 Short utilisation of Central funds

Table 3.2

(Rupees in lakh)

Year	Opening Balance	Fund received from GOI	Total	Actual expenditure	Closing Balance
1999-2000	22.61	196.84	219.45	190.71	28.74
2000-01	28.74	298.02	326.76	224.19	102.57
2001-02	102.57	-	102.57	42.64	59.93
2002-03	59.93	-	-	-	59.93
2003-04	59.93	-	-	-	59.93

(Source: Appropriation Accounts and information furnished by the department.)

During 1999-2000 to 2003-04 an amount of Rs.5.17 crore was available with the State Government for implementation of Central Sector Schemes (CSS). Against this, the State Government utilised an amount of Rs.4.58 crore only during the five years leaving an unspent balance of Rs. 59.93 lakh at the end of 2003-04. Reasons for short utilisation of Central funds were not on record.

3.1.6 Targets and achievements

During 1999-2000 to 2003-2004, the department implemented various Centrally Sponsored Schemes (CSS) viz., Integrated Programme for Development of Spices, Integrated Development of Arid Zone and Fruits, Use of Plastic in Agriculture, Mushroom Cultivation, Commercial Floriculture,

Establishment of Nutrition garden, Macro Management of Agriculture, besides other State plan schemes.

The record of achievements *vis-à-vis* targets in respect of CSS for the period from 1999-2000 to 2003-04 was not available with the department. The targets in respect of the State Plan Schemes for the period from 1999-2000 to 2003-04 and achievements thereagainst for the period from 1999-2000 to 2002-03 are given in **Appendix – XXIII**. The department, however, had not compiled (June 2004) the achievements for the year 2003-04. The overall shortfalls in achievement during the period from 1999-2000 to 2002-03 ranged between 2.08 *per cent* and 94.71 *per cent*. During 2002-03 the department had neither provided funds for control of shifting cultivation nor fixed any target. Reasons for shortfall were not given by the department and hence could not be analysed in audit.

3.1.7 Implementation

The irregularities noticed in the implementation of various Centrally Sponsored Schemes (CSS) as well as State plan schemes are discussed in the succeeding paragraphs.

Centrally Sponsored Schemes (CSS)

3.1.8 Integrated programme for development of spices

Doubtful implementation of the scheme for establishment of large cardamom gardens

For implementation of the scheme for establishment of large cardamom gardens under integrated programme for development of spices, the department was to provide barbed wire, high quality planting materials, *etc.*, costing Rs.2.02 lakh for the year 1999-2000 and Rs.2.52 lakh for the year 2000-01 per unit (10 hectare)/beneficiary. Against this Government assistance, the beneficiaries' own contribution per unit towards cost of site preparation, erection of fencing, procurement of planting materials *etc.*, was to be Rs.4.18 lakh and Rs.3.68 lakh for the years 1999-2000 and 2000-01 respectively.

Scrutiny of records of four DHOs (Roing, Bomdila, Along and Ziro) revealed that barbed wire, planting materials, *etc.*, worth Rs.26.68 lakh were issued to 11 beneficiaries (1999-2000 : two and 2000-01 : nine) for establishment of large cardamom gardens in 110 hectare of land without ascertaining the works undertaken by the beneficiaries with their own contribution. No record showing that the DHO's had ever confirmed actual utilisation of the materials issued and plantations actually raised by the beneficiaries through inspection by the field level staffs were maintained. Actual implementation of the scheme was also not evaluated. Thus, proper utilisation of the Government assistance of Rs.26.68 lakh and actual implementation of the scheme remained doubtful.

The DHOs stated (March and June 2004) that such lapses occurred due to non-receipt of proper scheme guidelines from the higher authorities. However, reply is not tenable because the sanctions itself stipulated the conditions of beneficiaries' contributions and the DHOs should have ascertained the same before disbursement of the assistance.

Loss in production of black pepper seedlings

In order to encourage pepper cultivation as pot culture in urban areas, it was proposed to produce and distribute lateral rooted cuttings from the nursery centres attached to the State Horticulture Department.

Scrutiny of records of Central Black Pepper Nursery, Naharlagun revealed that the department had incurred an expenditure of Rs.12.47 lakh during the period 1999-02 towards production of black pepper seedlings. No record relating to production of seedlings and their distribution during the years 1999-2000 to 2001-02 was maintained. Thus, in the absence of basic records of production and distribution, the effectiveness of the programme remained unevaluated.

However, during 2002-03 and 2003-04, the department incurred an expenditure of Rs.8.52 lakh and a total number of 1,78,748[#] live plants were produced. Of this, 69,198[#] plants had been distributed to Government departments/beneficiaries, 64,460[#] plants were actually lying in the nursery and there was no account of 45,090 plants valued at Rs.1.86 lakh. Thus, non-accountal of 45,090 plants resulted in loss of Rs.1.86 lakh to the Government. Further, delay in distribution and plantation of undistributed 64,460 plants resulted in a loss of Rs.3.41 lakh to the Government.

3.1.9 Development of Horticulture through plasticulture intervention

Extra expenditure towards providing Drip irrigation system

Plasticulture application includes *inter alia*, drip irrigation, a technology for providing irrigation to plants through a network of pipes. Prior to 2000-01, the maximum allowable subsidy for drip irrigation system in five hectare area

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Year	Total numbers of seedling produced	Number of seedlings dried/damaged	Total numbers of live seedlings available for distribution	Yearwise total expenditure incurred on production of seedlings (Rupees in lakh)	Cost of production per seedling (Rupees)	Numbers of seedlings distributed to Government departments/beneficiaries	Balance of seedlings lying undistributed	Remarks
2002-03	1,05,000	5,000	1,00,000	4.119	4.12	42,310	12,600	45,090 numbers of seedling remained unaccounted for
2003-04	1,05,088	26,340	78,748	4.396	5.58	26,888	51,860	
Total	2,10,088	31,340	1,78,748			69,198	64,460	

was Rs.1.19 lakh. Thereafter the rate of subsidy was reduced to Rs.0.46 lakh for four hectare area.

Scrutiny of records of seven DHOs viz., Bomdila, Roing, Ziro, Pasighat, Along, Yupia and Tezu revealed that the DHOs had procured and installed 18 drip irrigation system at the beneficiaries' land during the year 1999-2000 and 2000-01 at a total cost of Rs.44.13 lakh at the rate of Rs.2.63 lakh for the year 1999-2000 and at the rate of Rs.2.28 lakh for the year 2000-01 on the basis of work order issued by the Director of Horticulture against maximum admissible subsidy of Rs.14.89 lakh resulting in extra expenditure of Rs.29.24 lakh (**Appendix – XXIV**). The department failed to furnish records relating to invitation of tenders in support of price fixed for installation of drip irrigation system. Thus, by extension of subsidy beyond norms fixed by the GOI, 46[#] beneficiaries were deprived of the benefit under the scheme.

The department stated that assistance for drip irrigation system was provided to the beneficiary as 100 *per cent* Government assistance. But the fact remains that the subsidy was paid @ Rs.2.63 lakh and Rs.2.28 lakh instead of Rs.1.19 lakh and Rs.46,400 per beneficiary during the years 1999-2000 and 2000-01 respectively.

State Plan Schemes

3.1.10 Control of shifting cultivation

Doubtful implementation of the programme of raising horticulture gardens

With a view to controlling shifting cultivation, the Government of Arunachal Pradesh introduced the programme of raising horticulture garden by providing assistance in the form of materials (barbed wire-fencing, fruit plants, etc.) to the selected beneficiaries, provided that the beneficiaries' own contribution^ψ were equivalent to Government assistance.

Scrutiny of records of seven DHOs^β revealed that the Government released Rs.2.07 crore towards cost of materials for providing assistance to the beneficiaries for different fruit gardens (493.20 hectare) during the years 1999-2000 to 2001-02. The DHOs issued materials worth Rs.2.07 crore to 1103 beneficiaries (**Appendix – XXV**) without ascertaining the position of works^ψ executed by the beneficiaries as their own contribution. The concerned DHOs had not verified the actual utilisation of the materials issued

[#] Excess expenditure on subsidy in 1999-2000: Rs.13 lakh/
Rs.1.19 per beneficiary =10.92 i.e 11 beneficiaries
Excess expenditure on subsidy in 2000-2001: Rs.16.24 lakh/
Rs.0.46 per beneficiary =35.30 i.e 35 beneficiaries
Total : 46 beneficiaries

^ψ Jungle clearance, cost of layout, digging & refilling of pits, cost of wooden posts and erection of fencing, etc.

^β Along, Ziro, Yupia, Pasighat, Tezu, Bomdila and Roing

to the beneficiaries as Government assistance as well as plantations actually raised by them through field level inspection.

Thus, proper utilisation of Government assistance of Rs.2.07 crore by the beneficiaries and actual implementation of the scheme remained doubtful.

The DHOs stated (March and June 2004) that such lapses occurred due to non-receipt of proper scheme guidelines from the higher authorities. However, reply is not tenable because the sanctions itself stipulated the conditions of beneficiaries' contributions and the DHOs should have ascertained the same before disbursement of the assistance.

Extra expenditure due to excess issue of barbed wire fencing

According to the Government sanctions for control of shifting cultivation during 1999-2000, three quintals of barbed wire fencing were to be provided to each beneficiary for establishment of one unit *i.e.*, 0.4 hectare area of fruit crops.

It was however, seen from the records of seven districts *viz.*, Bomdila, Roing, Ziro, Pasighat, Along, Yupia and Tezu, that the DHOs had procured and distributed 2,248.41 quintals barbed wire fencing to 583 beneficiaries (233.20 hectare area of fruit crops) during 1999-2000 against actual requirement of 1,749 qtls as detailed in **Appendix – XXVI**. The excess issue of 499.41 qtls (2,248.41 – 1,749) barbed wire fencing resulted in an extra expenditure of Rs.17.48 lakh.

The DHOs stated that though excess quantities of barbed wire fencing were issued to the beneficiaries, the expenditure was within the limit of sanctioned amount. However, with the excess quantity of barbed wire fencing, the department could have covered a further area of 66 hectares thereby rehabilitating additional 166 beneficiaries under control of shifting cultivation.

NEC Scheme

3.1.11 Irregular expenditure in cultivation of fruit plants

For cultivation of kiwi and walnut fruits, under North Eastern Council sponsored scheme, the State Government sanctioned and released the following fund to the DHO Bomdila during 2003-04:

Table 3.3

Instalment	Name of fruits plantation	Physical target (in hectare)	Government contribution for inputs	Beneficiaries' contribution on development Works	Total project cost
			(Rupees in lakh)		
1 st	(a) Walnut	28.50	10.00	8.55	18.55
	(b) Kiwi	20.00	30.00	30.00	60.00
	Total	48.50	40.00	38.55	78.55
2 nd	(a) Walnut	54.40	19.09	16.32	35.41
	(b) Kiwi	17.00	25.50	25.50	51.60
	Total	71.40	44.59	41.82	86.41
	Grand Total	119.90	84.59	80.37	164.96

(Source: As per information furnished by the department).

Scrutiny of the records relating to implementation of the scheme, maintained by the DHO Bomdila, revealed the following irregularities:

Though an expenditure of Rs.40 lakh was incurred (under 1st instalment) during 2003-2004 for procurement and distribution of inputs for cultivation of 48.50 hectares of fruit garden (walnut and kiwi), records pertaining to the beneficiaries contribution worth Rs.38.55 lakh for land development activities could not be made available to audit. Thus, proper utilisation of Government's contribution of Rs.40 lakh could not be verified.

The second instalment of Rs.44.59 lakh was sanctioned and released in March 2004 when the cultivation/plantation season (December to February) of the Kiwi and walnut fruit was already over. The DHO, Bomdila, however, spent the entire sanctioned amount of Rs. 44.59 lakh in March 2004 towards purchase of inputs/planting materials viz., fencing materials, angle iron post, seedlings/cuttings, etc. The scheme was not physically implemented and the DHO, Bomdila stated (April 2004) that the actual plantation would be done during next plantation season (December 2004 – January 2005). The DHO, Bomdila, however, submitted (April 2004) the utilisation certificate and progress report indicating physical achievement of targeted fruits plantation (kiwi and walnut) in 71.40 hectares.

Thus, the expenditure of Rs.44.59 lakh was incurred only to avoid lapse of grant. Besides, purchase of seedlings worth Rs. 2.27 lakh (walnut seedlings: Rs.1.08 lakh and kiwi cuttings: Rs.1.19 lakh) nine months in advance, for actual plantation in the next season, involved the risk of loss due to seedlings becoming damaged with the passage of time.

Manpower Management

3.1.12 Sanctioned strength vis-à-vis men in roll

The sanctioned strength vis-à-vis men in position of the department were as indicated below:-

Table 3.4

Year	Sanctioned strength		Total	Men-in-position		Total
	Technical	Non-technical		Technical	Non-technical	
1999-2000 to 2003-04	421	84	505	421	84	505

(Source: As per information furnished by the department).

Scrutiny of records revealed the following irregularities:

Entertainment of excess manpower

Audit scrutiny revealed that all the district level Horticulture Officers under the department had entertained 166 numbers of different categories of skilled, semi-skilled and un-skilled staff in office work every year, in addition to full sanctioned strength. Entertainment of additional staff during the year 1999-2000 to 2003-04 led to extra expenditure of Rs.73.67 lakh on their pay and allowances.

On this being pointed out, the department stated that additional staff had been engaged on casual basis as the department was having acute shortage of regular staff. The reply is not tenable because there was no vacant post with reference to the sanctioned strength.

Inadequate emphasis on the development of horticulture

The total provision of funds during the years 1999-04 was Rs.62.58 crore. Of this, the provision for establishment expenses was Rs.33.03 crore (53 per cent) and non-establishment expenses (horticulture development activities) was Rs.29.55 crore (47 per cent). Against this provision, the total expenditure was Rs.50.22 crore, which included establishment expenditure Rs.33.19 crore (66 per cent) and expenditure on horticulture development activities Rs.17.03 crore (34 per cent).

Thus, most of the budget and expenditure of the department was for manpower and the meagre provision made for development of horticulture which also could not be spent in full. This would indicate that adequate emphasis was not given for development of horticulture.

Other points

3.1.13 Loss of revenue in apple production

The production of apple was confined to the State Horticulture Farm, Shergaon (under Horticulturist, Bomdila). The farm was established in the year 1976-77 covering 120 hectares area with the basic objective of introduction, trial and adoption of fruit crops under local Agro-climatic condition.

It was seen that no inventory register of plantation of fruit trees was maintained in the farm. However, the position of fruit bearing apple trees and actual production submitted by the Horticulturist, Bomdila is detailed below:

Table 3.5

Year	Number of fruit bearing trees	Actual production (In Kg)	Average yield per tree (In Kg)	Revenue earned (Rupees in lakh)
1999-2000	3,934	1,02,295	26	13.56
2000-01	3,935	85,256	22	11.52
2001-02	3,945	1,08,701	28	15.10
2002-03	3,965	43,766	11	8.21
2003-04	3,982	1,14,417	29	14.66
Total		4,54,435		63.05

It would be seen from above that average yield of apple per tree ranged between 11 and 29 Kg during the period from 1999-2000 to 2003-04. No authentic documents regarding yield of apple fruits per plant/standard norms in this regard could be made available to audit. The Horticulturist, Bomdila stated that the State Government did not fix any specific production target for apple fruits. But it was noticed from "Hand Book of Agriculture" published by the Government of Arunachal Pradesh, Agriculture Department that minimum yield of apple per plant should be 200 Kg and maximum of 600 Kg. Thus, based on these norms, the minimum yield of apple during the years 1999-2000 to 2003-04 from the available trees should have been 39,52,200 Kg, against which the actual production was only 4,54,435 Kg resulting in shortfall of 34,97,765 Kg (88 per cent) as detailed below:

Table 3.6

Year	Number of fruit bearing trees	Minimum yield @ 200 Kg per tree	Actual production	Shortfall in production	Value (@ Rs.13.77 per Kg being the average sale price)
		(Quantity in Kg)			(Rupees in lakh)
1999-2000	3,934	7,86,800	1,02,295	6,84,505	94.25
2000-01	3,935	7,87,000	85,256	7,01,744	96.63
2001-02	3,945	7,89,000	1,08,701	6,80,299	93.68
2002-03	3,965	7,93,000	43,766	7,49,234	103.17
2003-04	3,982	7,96,400	1,14,417	6,81,983	93.91
Total		39,52,200	4,54,435	34,97,765	481.64

Thus, computed with reference to minimum yield per tree, there was shortfall in production resulting in loss of revenue of Rs.4.82 crore.

3.1.14 Loss on damaged fruits

Test check of records of the Horticulturist, Bomdila revealed that the total production of apple during the years 1999-2000 to 2003-04 was 4,54,435 Kg, of which 3,82,187 Kg were sold. The balance of 72,248 Kg was shown as damaged. The department stated (June 2004) that damages were due to weather condition, transportation and handling.

The department however did not fix any norms for damage and the average percentage of damage was about 16 *per cent*. Thus, Government sustained loss of revenue to the tune of Rs.9.95 lakh (@13.77 per Kg) for such damages.

3.1.15 Wasteful expenditure on cardamom plantation project

For implementation of large cardamom cultivation pilot project at Daporijo and Yingkiong area, a Sikkim based grower expressed (August 1993) his willingness to undertake the plantation on turn-key basis at negotiated rates. The grower, after submitting his willingness (August 1993) started execution of works without entering into any formal agreement and without any work order from the department. The department also did not prevent him from undertaking the plantation work and allowed him to continue with the work. When the grower claimed payment, the department constituted (May 1994) a committee to physically verify the plantation done by the grower. Though the committee, after physical verification, recommended (October 1994) for payment of Rs.26.74 lakh being the cost of work executed by the grower, the department, without making the payment, constituted (June 1995) another committee for reassessment of the actual plantation. The second committee reported (August/September 1995) that there was hardly any plantation in project areas worth assessment. As the department delayed the release of the payment, the grower filed a writ petition (April 1997) in the Hon'ble Guwahati High Court. The Hon'ble High Court in its order (September 1999) directed the department to pay Rs.26.74 lakh as per recommendations made by the committee in October 1994 within six months, failing which 12 *per cent* interest was to be paid from the date of filing writ petition.

The department did not release the payment within the stipulated period and the Hon'ble High Court issued (June 2000) a contempt notice. The department, however, released the payment of Rs.26.74 lakh along with interest of Rs.10.33 lakh to the grower in July 2000.

Thus, lapse on the part of the department to allow the grower to execute the work without formal agreement, lack of supervision and absence of maintenance of the plantations resulted in wasteful expenditure of Rs.26.74 lakh. Besides, failure of the department to make payment in time in pursuance of court award led to extra avoidable expenditure of Rs.10.33 lakh towards payment of interest.

3.1.16 Non-accountal of government funds

Mention was made in para 3.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 regarding drawal of Rs.1.20 crore in February 1998 by the Deputy Director (Horticulture) in Abstract Contingent (AC) bill for establishment of citrus nursery and demonstration orchard by NADEREX, Holland.

The Detailed Countersigned Contingency (DCC) bill for adjustment of the aforesaid AC bill had not yet been submitted (March 2004) to the controlling officer for submission to Accountant General. Thus the amount remained out of Government account for more than six years for non-submission of DCC bill, besides being fraught with the risk of misappropriation.

3.1.17 Monitoring and evaluation

No monitoring and evaluation of the schemes implemented by the department was carried out either at the district level or at Directorate level. The State Government did not adopt any mechanism for evaluating the implementation of the schemes. Besides, there was no monitoring system in the department to oversee the performance of the district level officers as well as the activities of the beneficiaries in the State. Thus, the overall impact on the implementation of the schemes remains unevaluated.

The matter was reported to Government in August 2004; reply had not been received (October 2004).

3.1.18 Recommendations

For effective implementation of the schemes for development of horticulture in the State, the Government needs to take the following steps:

- Ensure beneficiaries contributions prior to release of Government assistance and utilisation of Government assistance towards implementation of schemes,
- Government should fix production targets for fruits, planting materials,
- Evolve a comprehensive monitoring and evaluation system both at the State level as well as the district level which is an essential requirement for ensuring successful implementation of the scheme in the State.